

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
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Acting Deputy Commissioner  
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Corporations Counsel  
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8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

10 In the Matter of the Accusation of THE  
CALIFORNIA CORPORATIONS  
11 COMMISSIONER,

File No.: 413-0844

**ORDER REVOKING RESIDENTIAL  
MORTGAGE LENDER LICENSE**

12 Complainant,

13  
14 vs.

15 CMC MORTGAGE CORPORATION,

16 Respondent.

17  
18 The California Corporations Commissioner finds:

19 I

20 1. Respondent CMC Mortgage Corporation (“CMC Mortgage Corp.”) is a residential  
21 mortgage lender licensed by the California Corporations Commissioner (“Commissioner”) pursuant  
22 to the California Residential Mortgage Lending Act (California Financial Code, sections 50000 et  
23 seq.) (“CRMLA”). CMC Mortgage Corp. has its principal place of business located at 25 Melville  
24 Park Road, Suite 110, Melville, New York, 11747.

25 II

26 2. Pursuant to California Financial Code Sections 50307 and 50401, all licensees under  
27 the CRMLA are required to file an annual Report of Principal Amount of Loans and Aggregate  
28 Amount of Loans Serviced (“Activity Report”) on or before March 1<sup>st</sup> of each year for the

preceding 12-month period ended December 31st.

3. On or about February 1, 2008, an Activity Report form was sent to all CRMLA licensees with a notice that the Activity Report was due on or before March 1, 2008. Also, pursuant to Title 10, section 1950.314.8 of the California Code of Regulations Respondent was to submit a Non-traditional Report and Survey as an addendum to the Activity Report. CMC Mortgage Corp. has yet to submit the Activity Report or the Non-traditional Report and Survey to the Commissioner.

4. On or about May 15, 2008 a letter was sent to CMC Mortgage Corp. demanding that the Activity Report be filed no later than May 25, 2008 and assessing CMC Mortgage Corp. a penalty of \$1,000.00 pursuant to California Financial Code section 50326. CMC Mortgage Corp. was notified in the letter that failure to file the Activity Report and/or pay the penalty by May 25, 2008 would result in an action to either suspend or revoke its license.

5. CMC Mortgage Corp. has yet to submit the Activity Report, the Non-traditional Report and Survey, or pay the penalty as required by California Financial Code sections 50307, 50326, and 50401, and Title 10, section 1950.314.8 of the California Code of Regulations.

### III

6. Pursuant to California Financial Code sections 50200, subdivision (a), CMC Mortgage Corp. was required to submit its audited financial statement for its fiscal year ended December 31, 2007 (“Audit Report”) to the Commissioner on or before April 15, 2008, including a reconciliation of its trust accounts. In addition, pursuant to the California Code of Regulations, Title 10, section 1950.200, CMC Mortgage Corp. was required to submit an Independent Auditor’s Report on Internal Controls (“Report on Internal Controls”) to the Commissioner on or before April 15, 2008. CMC Mortgage Corp. has yet to file its Audit Report, trust account reconciliation, or Report on Internal Controls with the Commissioner.

7. On or about June 2, 2008 the Commissioner notified CMC Mortgage Corp. in writing that its Audit Report, trust account reconciliation and Report on Internal Controls were due on or before April 15, 2008. CMC Mortgage Corp. failed to submit the Audit Report, trust account reconciliation, and Report on Internal Controls or respond to the letter.

8. On or about August 1, 2008 a final letter was sent to CMC Mortgage Corp.

1 demanding that the Audit Report, trust account reconciliation, and Report on Internal Controls be  
 2 filed no later than August 11, 2008 and imposing a \$1000 fine pursuant to California Financial Code  
 3 section 50326 and warning that failure to comply may result in a referral for administrative action.

4 9. CMC Mortgage Corp. has yet to file its Audit Report, trust account reconciliation,  
 5 Report on Internal Controls as required by Financial Code sections 50200, subdivision (a), 50326,  
 6 and Title 10, section 1950.200 of the California Code of Regulations.

7 IV

8 10. On or about May 8, 2008, Hartford Fire Insurance Co. (“Hartford”) notified the  
 9 Commissioner that the bond that Hartford had put in place in favor of the Principal, CMC Mortgage  
 10 Corp. in the amount of \$50,000 would be terminated effective June 14, 2008. In response to said  
 11 bond termination notice, the Commissioner, pursuant to California Financial Code section 50319,  
 12 issued an Order to Discontinue Residential Mortgage Lending for failure to comply with the bonding  
 13 requirements of the CRMLA. CMC Mortgage Corp. was validly served with the above captioned  
 14 Order and never requested a hearing in the matter as provided for in Financial Code section 50319.

15 V

16 11. California Financial Code section 50327 provides in pertinent part:

17 (a) The commissioner may, after notice and a reasonable opportunity to be  
 18 heard, suspend or revoke any license if the commissioner finds that: (1) the licensee  
 19 has violated any provision of this division or any rule or order of the commissioner  
 20 thereunder; or (2) any fact or condition exists that, if it had existed at the time of the  
 original application for license, reasonably would have warranted the commissioner  
 in refusing to issue the license originally.

21 VI.

22  
 23 12. The Commissioner finds that, by reason of the foregoing, CMC Mortgage  
 24 Corporation has violated Financial Code sections 50200(a), 50307, 50319, 50326, 50401 and  
 25 California Code of Regulations, Title 10, sections 1950.200 and 1950.314.8 and based  
 26 thereon, grounds exist to revoke the residential mortgage lender license of CMC Mortgage  
 27 Corporation.

28 13. Failure to file an activity report, audit report, trust account reconciliation,

report on internal controls, and/or pay assessed penalties are grounds under California Financial Code section 50327 for the revocation of a license issued under the CRMLA.

14. On August 18, 2008, the Commissioner issued a Notice of Intention to Issue Order Revoking Residential Mortgage Lender License, Accusation and accompanying documents against CMC Mortgage Corporation based upon the above and these documents were delivered via certified mail, return receipt requested, at its licensed location on file with the California Department of Corporations on August 22, 2008. The Department has received no request for a hearing from CMC Mortgage Corporation and the time to request a hearing has expired.

NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential mortgage lender license issued by the Commissioner to CMC Mortgage Corporation is hereby revoked. This order is effective as of the date hereof. Pursuant to California Financial Code section 50311, CMC Mortgage Corporation has sixty (60) days within which to complete any loans for which it had commitments.

Dated: September 4, 2008  
San Francisco, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By: \_\_\_\_\_  
Alan S. Weinger  
Acting Deputy Commissioner  
California Department of Corporations

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